

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Public Health Service
Indian Health Service

Refer to: A-DHF

ALASKA AREA NATIVE HEALTH SERVICE CIRCULAR NO. 91-75

VILLAGE BUILT CLINIC (VBC) LEASING PROGRAM

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1. **PURPOSE:** To establish procedures and general guidelines for facilities leased from communities to be used as health clinics by field physicians and health aides in the villages of Alaska.
2. **BACKGROUND:** In 1969-70, the Indian Health Service (IHS) obtained authorization and funding to initiate a village clinic leasing program to meet the growing need to provide health facilities located in isolated villages in Alaska. The program gradually grew through the years until a total of 142 clinics were authorized to be leased under the program. This cap remained for a number of years until Fiscal Year 1989 when Congress raised the number of clinics which could be leased to the present level of 170. This leasing program is intended for those isolated locations in Alaska where the Community Health Aide is responsible for providing the primary health care and is not applicable to locations where physicians and other health care practitioners are permanently residing. This Circular provides the eligibility requirements for the VBC leasing program and describes the method being used to establish the lease payments to communities.
3. **AUTHORITY:**
 - A. One-year leasing authority with four renewal options.
 - B. Leased space not to exceed 2,500 square feet.
4. **LEASING ELIGIBILITY AND CRITERIA:** A community interested in acquiring a lease (or modifying an existing lease) under the VBC program must make a written request to the Area Real Property

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Officer, Division of Health Facilities, Office of Environmental Health and Engineering. The following criteria must be used in determining eligibility for a VBC lease and in evaluating the proposed clinic building:

- A. The community must have a properly trained and authorized Community Health Aide.
- B. The community must have at least 20 permanent Native residents who qualify for care under this program.
- C. The community must provide an acceptable building for the clinic. The size of the clinic usually depends on the population of the community being served and is limited by the following:
 - (1) The minimum size, including a waiting room, shall be 400 square feet. However, a smaller building will be considered on a temporary basis, pending the construction or acquisition of an acceptable sized clinic.
 - (2) The maximum size shall not exceed 3 square feet per person, based on the Native population being served by the clinic. However, clinics larger than 3 square feet per person will be considered for leasing, but the lease payments will be limited to the size based on 3 square feet per person.
- D. The clinic must be structurally sound and in good repair.
- E. The clinic must meet Fire Safety Codes used by the State of Alaska and those published by the National Fire Protection Association. In the event of a conflict, the more stringent code will apply.
- F. Electricity must be available in the clinic. If an electrical source is not immediately available, it is necessary for the village to acquire a generator for this purpose.
- G. The clinic must be provided with continuous heating equipment capable of maintaining a temperature of 68° Fahrenheit during occupancy. During non-occupancy, the temperature may be maintained at 45-55° Fahrenheit to conserve energy.
- H. The clinic must be equipped with doors which can be locked when not in use to prevent unauthorized access.
- I. The clinic should be insulated to reduce unnecessary heat loss and minimize heating energy requirements.

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- J. Clinic locations should consider ground space for provision of HF radio antenna towers.
- K. The clinic area must be physically separated from other community or domestic operations such as when a community building is shared.
- L. If a clinic obtains or provides radiographic equipment, the facility must meet state and federal standards.
- M. The clinic must be equipped with a telephone or radio for communication with the nearest hospital.
5. **ENVIRONMENTAL HEALTH STANDARDS:** All Village Built Clinics that are leased by the Alaska Area Native Health Service will be evaluated annually for compliance with this lease document. Those facilities determined to be noncompliant by the Service Unit Sanitarian will be given the opportunity to make improvements. If, in the opinion of the Service Unit Sanitarian, conditions constitute a health hazard, a written recommendation to amend or discontinue the lease contract will be made to the Area Real Property Officer, Alaska Area Native Health Service. These conditions are found in Alaska Area Circular No. 91-74.
6. **CALCULATION OF LEASE AMOUNT:** The following formula has been developed and is used in determining the yearly lease payment. This formula uses community population, size of clinic building, and other data to directly calculate the annual lease payment. There is currently a cap of \$50,000 on annual lease payments to any one community.

$$\text{Yearly Payment} = (R_p + R_e + R_m + R_u) (\text{Sq. Ft.}) K$$

Where: R_p = Rate index based on population

R_e = Rate index based on patient encounters

R_m = Rate index based on modifiers (see below)

R_u = Rate index based on cost of fuel and climate of village location

Sq. Ft. = Size of space leased (not always the total building space)

K = Area adjustment factor (used to adjust lease cost to the budget available)

Modifiers include: environmental health standards, use by more than 50 non-Natives, frequency of visits by health practitioners, distance from nearest hospital, accessibility, lodging for practitioners, emergency room, laboratory, and local responsibility.

Once all the necessary data and statistics have been obtained for the community, the appropriate rate indexes are selected from a set of tables (not included here) which are used with the formula. The values obtained from the tables are then used in the formula to calculate the annual lease payment. The monthly lease payment is determined by dividing the annual rate by 12. The formula shall be used in calculating all proposed new clinic leases or in modifying existing leases when appropriate.

7. EQUIPMENT: Certain basic items of equipment will be provided by the Government. A list is available from the Area Community Health Aide Program.
8. EXCLUSIVE USE OF SPACE: In no instance will any portion of a facility leased to the Government be rented by, subleased to, or used by other parties without specific permission of the Government. Requests are to be directed to the Service Unit Director who will make her/his recommendations to the Area Real Property Officer. When space in a clinic is leased to another entity, the Government will deduct that space from the allowable leased space, with a corresponding reduction in lease payments.
9. NONCOMPLIANCE OF LEASE: In the event that the lessor is not in compliance with the terms of the lease agreement, the government may suspend or cancel where nonperformance exists.
10. ALLOWABLE COSTS: The leases under this program are considered "full service" leases and include rental of the space, utilities, and all maintenance and operational costs associated with the clinic. These costs would typically include, but are not limited to, the following:
 - A. Basic rental cost for the space, including loan amortization (if any) and depreciation of the building.
 - B. Fuel for heating the clinic building.
 - C. Electricity used to operate the clinic.
 - D. Water used by the clinic.

- E. Janitorial services and supplies.
 - F. Costs associated with disposing of sewage.
 - G. Insurance acquired by the owner of the leased premises for restoration and/or replacement due to fire or other casualty, whether partial or total. Allowance can include public liability insurance. Personal property owned by the Government is self-insured and should not be included in the insurance policy.
 - H. Costs associated with maintenance and repair to keep the space in operating condition.
11. PROCEDURES FOR REQUESTING OR CHANGING A VBC LEASE: Communities that have an interest in participating in the VBC leasing program for the first time, or communities who wish to change an existing lease, must follow the steps outlined below:
- A. Communities must send a written request to the Area Real Property Officer, stating their interest in obtaining a VBC lease or the details of why a change in an existing lease is desired. An initial request for a lease must be accompanied by a floor plan of the proposed clinic building in sufficient detail to evaluate the space for use as a clinic. The owner of the building must be identified. Communities proposing to build new clinics are encouraged to submit their clinic plans for review prior to any construction activity on the building. Similarly, a community wishing to enlarge an existing clinic or move the clinic to another building must submit a floor plan of the remodelled clinic or proposed building for review and approval.
 - B. The floor plan for the proposed or remodelled clinic will be circulated to the appropriate Area and Service Unit personnel for review and approval.
 - C. The IHS will conduct an on-site inspection of a new clinic after notification of its completion to ensure that it meets all the environmental health standards. On-site inspections will also be conducted for existing clinics that are remodelled and for those that are moved to different buildings.
 - D. Community data and statistics for the leasing formula will be obtained and verified.

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- E. If the proposed clinic meets all the environmental criteria and the community meets all the eligibility criteria (listed under paragraph 4), and sufficient funds are available, a lease will be prepared and offered to the community (building owner) for signature.
 - F. In no case is the Government committed to make any lease payments until the lease has been signed by both the Government and the owner of the clinic building.
 - G. By signing the lease, the building owner agrees to all the terms and conditions contained in the lease and its general provisions.
 - H. The Government will conduct follow-up surveys using various methods, including on-site inspections, to determine if the community is fulfilling the terms of the lease.
12. SUPERSESSION: This issuance supercedes Area Circular No. 86-19 dated February 7, 1986, from the Area Director, entitled "Procedures and General Guidelines for the Establishment of Health Clinics in the Villages of Alaska under the Village Built Clinic Program".



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